

Notification template for Article 131 of the Capital Requirements Directive (CRD) – Other Systemically Important Institutions (O-SIIs)

Template for notifying the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) of the setting or resetting of an O-SII buffer under Article 131(7) CRD and of the identity of O-SIIs under Article 131(12) CRD

Please send/upload this template to:

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation¹);
- notifications@esrb.europa.eu when notifying the ESRB.

The ESRB will forward this notification to the European Commission, to the European Banking Authority (EBA) and to the competent and designated authorities of the Member States concerned without delay and will publicly disclose the names of the O-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority			
1.1 Name of the notifying authority	Bulgarian National Bank		
1.2 Country of the notifying authority	Bulgaria		
2. Description of the measure			
2.1a Institution or group of institutions concerned	The measure is applied at individual and consolidated level.		
	Name of institution	LEI	Consolidation level
	UniCredit Bulbank AD	549300Z7V2WOFIMUEK50	Individual and consolidated level
	DSK Bank AD	529900GEH0DAUTAXUA94	Individual and consolidated level
	First Investment Bank AD	549300UY81ESCZJ0GR95	Individual and consolidated level
	United Bulgarian Bank AD	529900PCY1EP8QJFV48	Individual and consolidated level
	Eurobank Bulgaria AD	549300IRGNL8Q3O8Y413	Individual level
	Raiffeisenbank (Bulgaria) EAD	5299009KAL4KO7584196	Individual and consolidated level
	Bulgarian Development Bank EAD	549300615CPXQO52J309	Individual and consolidated level

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

	Central Cooperative Bank AD	5299002142DS5ONT5540	Individual and consolidated level			
2.1b Changes to the list of institutions concerned	No changes to the list of institutions as compared to the last notification.					
2.2 Level of the buffer applied	Name of institution	New O-SII buffer	Previous O-SII buffer			
	UniCredit Bulbank AD	1.00%	1.00%			
	DSK Bank AD	1.00%	1.00%			
	First Investment Bank AD	1.00%	1.00%			
	United Bulgarian Bank AD	0.75%	0.75%			
	Eurobank Bulgaria AD	0.75%	0.75%			
	Raiffeisenbank (Bulgaria) EAD	0.75%	0.75%			
	Bulgarian Development Bank EAD	0.50%	0.50%			
	Central Cooperative Bank AD	0.50%	0.50%			
2.3 Name of the ultimate EU parent institution	Name of identified O-SII	Ultimate EU parent institution	LEI of ultimate parent institution			
	UniCredit Bulbank AD	UniCredit S.p.A.	549300TRUWO2CD2G5692			
	DSK Bank AD	OTP Bank Nyrt.	529900W3MOO00A18X956			
	United Bulgarian Bank AD	KBC Group NV	213800X3Q9LSAKRUWY91			
	Eurobank Bulgaria AD	Eurobank Ergasias S.A.	JEUVK5RWVJEN8W0C9M24			
	Raiffeisenbank (Bulgaria) EAD	Raiffeisen Bank International AG	9ZHRYM6F437SQJ6OUG95			
2.4 Names of subsidiaries	N/A.					
	Name of parent O-SII identified	Name of O-SII subsidiary	LEI of O-SII subsidiary			
3. Timing for the measure						
3.1 Timing for the decision	29/10/2021					
3.2 Timing for publication	29/11/2021					
3.3 Disclosure	The BNB will announce on its web-site the identified O-SII institutions, their respective overall scores and the respective buffer rates. https://www.bnb.bg/BankSupervision/BSCapitalBuffers/BSCBOtherSystemicallyImportantInstitutions/index.htm?toLang=_EN					
3.4 Timing for application	01/01/2022					
3.5 Phasing in	The phase-in period for the O-SII buffer rates was applicable from 2017. O-SII buffers are fully phased-in as from 1 January 2020.					
	Name of institution	Date1	Date2	Date3	Date4	Date5
		%	%	%	%	%

			%	%	%	%	%
3.6 Review of the measure	In accordance with the BNB Ordinance No. 8, Art. 9, (11) the BNB shall review annually the identification of O-SIIs and report the results to the systemically important institution concerned and to the ESRB and shall disclose the updated list of identified systemically important institutions.						
4. Reason for O-SII identification and activation of the O-SII buffer							
4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score	
	UniCredit Bulbank AD	1919	2210	2183	1651	1991	
	DSK Bank AD	1816	2014	1607	1206	1661	
	First Investment Bank AD	877	670	506	2621	1168	
	United Bulgarian Bank AD	1047	822	795	824	872	
	Eurobank Bulgaria AD	1005	961	883	476	831	
	Raiffeisenbank (Bulgaria) EAD	776	1118	578	415	722	
	Bulgarian Development Bank EAD	293	155	663	594	426	
	Central Cooperative Bank AD	550	429	168	422	392	
	4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>a. The BNB followed the EBA methodology described in the guidelines (EBA/GL/2014/10) on the assessment of O-SIIs. The quantitative assessment is based on supervisory data (FINREP reports as of 30 June 2021 on highest available consolidation level), as well as payment systems' statistics.</p> <p>b. In the 2021 annual review of O-SIIs identification, the BNB maintains the threshold score of 275 basis points.</p> <p>c. N/A. All the 25 relevant entities domiciled in Bulgaria were included in the identification process</p> <p>d. N/A. All the 25 relevant entities domiciled in Bulgaria were included in the identification process.</p> <p>e. Only credit institutions were included in the identification process. Investment firms are excluded from the identification process.</p>					
4.3 Supervisory judgement	The list of O-SIIs was identified based on the quantitative approach in accordance with the EBA guidelines. At this stage the use of supervisory judgement was not deemed necessary.						
4.4 Calibrating the O-SII buffer	<p>The current review of the O-SII's buffer follows the same methodology (EBA guidelines EBA/GL/2014/10) and same threshold of 275 basis points.</p> <p>In the calibration stage the BNB applies bucketing approach on the overall score achieved in the O-SII identification stage in section 4.2.</p> <p>Under the current review O-SII buffers remained unchanged for respective institutions, as the according systemic importance was maintained within the defined buckets.</p>						
4.5 Effectiveness and proportionality of measure	When designing the macroprudential capital based measures the BNB follows the long term approach aimed at the overall soundness of the banking sector. As an integral part of the combined buffer requirements, the O-SII buffers will further increase capacity of the systemically important institutions to absorb losses. The						

	O-SII buffer rates are proportional to the higher risk that these institutions pose to the financial system due to their size, complexity and importance for the economy.									
5. Sufficiency, consistency and non-overlap of the policy response										
5.1 Sufficiency of the policy response	The combination of the number of institutions in scope and the level of applied OSII buffers is assessed as sufficient to significantly mitigate and reduce the contagion effects a systemically important bank could cause. The buffer calibration reflects the structural specificities of the Bulgarian banking sector and the corresponding importance of each OSII. The structural measure is of preventive character and thus it preserves the already built-up capital in the systemically important institutions.									
5.2 Consistency of application of the policy response	The instrument is consistent with the goal of limiting the potential negative impact systemically important banks could have in terms of the higher risk they pose. The measure is applied under Article 131 of the Capital Requirements Directive (CRD) and Article 11 of the Ordinance No. 8 of the BNB on Banks' Capital Buffers. In addition, the measure is in line with the consistently applied macroprudential policy of BNB to maintain high capital buffers for enhanced banking resilience.									
5.3 Non-overlap of the policy response	The instrument is addressed to limit the contagion risks stemming from potential negative event in a systemically important bank to other credit institutions or the banking system as a whole. The instrument is thus calibrated accordingly to the respective systemic importance of each institution identified as OSII. There are no other measures that target systemic risks in relation to the systemic importance of credit institutions and thus there is no overlap present with other policy instruments.									
6. Cross-border and cross-sector impact of the measure										
6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)	Potential cross-border effects of the measure are assessed as very limited in view of the fact that banks in Bulgaria have scarce cross-border activity. In addition due to the solid capital position of the banking system, it is unlikely that additional capital transfer from the parent banks will be required.									
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	Based on the assessment the potential for such regulatory arbitrage is limited. This observation is supported by the design of the measure, which is applicable at both individual and consolidated level.									
7. Combinations and interactions with other measures										
7.1 Combinations between G-SII and O-SII buffers (Article 131.14)	<p>There is no G-SII institution operating in Bulgaria.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Name of institution</th> <th style="width: 25%;">O-SII buffer</th> <th style="width: 25%;">G-SII buffer</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	O-SII buffer	G-SII buffer		%	%		%	%
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³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

		%	%																																					
	The BNB introduced the systemic risk buffer at a rate of 3% applicable to all exposures located in Bulgaria in 2014. In the last review of the systemic risk buffer in 2019 the BNB confirmed the current level of the buffer. The buffer is applicable to all banks in the country on both individual and consolidated level. The sum of the systemic risk buffer and the O-SII buffer rate is below 5% for all institutions.																																							
7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>SyRB rate</th> <th>SyRB application level</th> <th>Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr> <td>UniCredit Bulbank AD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>4.00%</td> </tr> <tr> <td>DSK Bank AD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>4.00%</td> </tr> <tr> <td>First Investment Bank AD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>4.00%</td> </tr> <tr> <td>United Bulgarian Bank AD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>3.75%</td> </tr> <tr> <td>Eurobank Bulgaria AD</td> <td>3.00%</td> <td>Individual level</td> <td>3.75%</td> </tr> <tr> <td>Raiffeisenbank (Bulgaria) EAD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>3.75%</td> </tr> <tr> <td>Bulgarian Development Bank EAD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>3.50%</td> </tr> <tr> <td>Central Cooperative Bank AD</td> <td>3.00%</td> <td>Individual and consolidated level</td> <td>3.50%</td> </tr> </tbody> </table>	Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates	UniCredit Bulbank AD	3.00%	Individual and consolidated level	4.00%	DSK Bank AD	3.00%	Individual and consolidated level	4.00%	First Investment Bank AD	3.00%	Individual and consolidated level	4.00%	United Bulgarian Bank AD	3.00%	Individual and consolidated level	3.75%	Eurobank Bulgaria AD	3.00%	Individual level	3.75%	Raiffeisenbank (Bulgaria) EAD	3.00%	Individual and consolidated level	3.75%	Bulgarian Development Bank EAD	3.00%	Individual and consolidated level	3.50%	Central Cooperative Bank AD	3.00%	Individual and consolidated level	3.50%			
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7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)	The implemented O-SII buffers for subsidiaries are below the cap so there is no applicable restriction.																																							
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8. Miscellaneous																																								
8.1 Contact person(s)/mailbox at notifying authority	Stoyan Manolov, Director General, Banking Supervision Department, Bulgarian National Bank, e-mail: manolov@bnbank.org																																							
	Elisaveta Pravova, Director of Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: pravova.e@bnbank.org																																							
	Ventsislav Hristev, Head of Division at Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: hristev.v@bnbank.org																																							

8.2 Any other relevant information	N/A.
8.3 Date of the notification	29/10/2021